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UNITED STATES DEPARTMENT OF AGRICULTURE

Agricultural Adjustment Agency

Washington 25, D. C.

Commodity Loan 2, Part 1

Supplement 2 (Potatoes) NER

Issued September 20, 1944

STATE AND COUNTY COMMITTEE INSTRUCTIONS FOR
MAKING LOANS ON IRISH POTATOES PRODUCED IN 1944

In order to assure growers the support prices promised and to prevent food waste, the War Food Administration has authorized the making of loans available at 3 percent per annum interest on Irish Potatoes produced in 1944 based on U. S. No. 1, U. S. No. 1 Size B, and U. S. No. 2 (1-7/8 inch minimum) potatoes. The Agricultural Adjustment Agency shall cooperate with the Office of Distribution, War Food Administration, as agent for Commodity Credit Corporation hereinafter referred to as Commodity Credit Corporation (OD) in the administration of the 1944 Irish Potato Loan Program. Farm and Warehouse loans on potatoes, located within the producing area, will be administered locally by State and county agricultural conservation committees. Loans will be available on potatoes in farm storage and approved warehouses to eligible growers, associations of producers and certified dealers. All loans will be secured by Chattel Mortgages. Any portion of the potatoes stored may be redeemed for sale under the conditions specified in these instructions. Borrowers can repay their loans at any time prior to April 1, 1945, and may find that rising market prices will make such action advantageous to them. Borrowers will receive support prices for potatoes under a loan remaining unsold even though such loan has been repaid in full, providing that the instructions set forth herein have been followed.

SECTION I. GENERAL

A. State and County Committee Responsibility.

Each State committee shall, in accordance with instructions issued by the Agricultural Adjustment Agency, be responsible for the administration of the field work in connection with the 1944 Irish Potato Loan Program together with the maintenance of records.

Each county committee shall be responsible for the supervision of the work of inspection, the determination of the borrower's eligibility, the preparation, filing, and certification of all loan documents, maintenance of records, submission of reports, and other supervision necessary for proper care of the pledged collateral.

B. Borrower Responsibility.

The Chattel Mortgage governs generally the responsibility of the borrower and should be read carefully.

The borrower is not permitted to sell any portion of the potatoes in storage until such time as he meets the conditions outlined in Section V herein.

The borrower shall be responsible for keeping the collateral and storage structure in good condition. In the event of actual or threatened loss, or damage to the storage structure or collateral, the county committee should be promptly notified and steps taken by the borrower to prevent further loss or damage. Any inspector, county committeeman, or other person duly authorized by the State committee, shall have authority at all times to inspect storage structures and the collateral stored therein.

C. Application for Loan.

Application for loans shall be made at the office of the county agricultural conservation committee for the county where the potatoes are stored. The county committee should explain to the applicant the requirements for a loan, and should prepare Section I of the Loan Work Sheet for each applicant.

D. To Whom Loans May Be Made.

1. Loans will be made to an eligible producer who is any person, partnership, association, or corporation producing Irish potatoes in 1944.
2. Loans will be made to associations of producers that have acquired 1944 Irish potatoes pursuant to the 1944 Potato Producers' Sales Agreement (CCC Potato Form C).
3. Loans will be made to dealers who have been certified by the State potato committee and who have purchased potatoes from producers at not less than the equivalent of the 1944 announced support prices.

E. Eligible Irish Potatoes.

Eligible Irish potatoes shall be:

1. Potatoes produced in 1944.
2. Potatoes that are mature and in proper condition for storing.
3. Potatoes produced by eligible producers.
4. Potatoes acquired by associations of producers according to the 1944 Potato Producers' Sales Agreement (CCC Potato Form C).
5. Potatoes purchased by certified dealers.
6. Potatoes grading U. S. No. 1 quality, U. S. No. 1 Size B quality, and U. S. No. 2 (1-7/8 inch minimum) quality.
7. Potatoes stored in approved storage facilities.
8. Potatoes containing not more than 2 percent soft rot or more than 3 percent dry rot, including late blight.

F. Eligible Farm Storage.

Eligible farm storage must be of such substantial permanent construction as determined by the county agricultural conservation committee to afford safe-keeping of potatoes throughout the storage season.

G. Eligible Warehouse Storage.

Eligible warehouses shall be warehouses which upon inspection of the county agricultural conservation committee will:

1. Afford safe storage of potatoes throughout the storage season.
2. Afford protection against rodents, other animals, thieves, and the weather.
3. Are frost proof or contain a heating system sufficient to protect potatoes from frost damage and shall have facilities for determining temperature at various points in the warehouse.
4. Contain sufficient space and possess or have available adequate facilities for grading, packaging, weighing and handling.
5. Permit regular inspections by the warehousemen, county committee, or other persons authorized to inspect.
6. Permit the segregation of each lot of potatoes in bins which bins shall:
 - a. Be capable of being identified.
 - b. Afford adequate ventilation and drainage.

H. Where Loans May Be Obtained.

All farm and warehouse loans within the producing area must be approved by the county agricultural conservation committee of the county in which the potatoes are stored. The committee will indicate its approval by having one of its members approve the promissory note.

Loans may be obtained directly through regional finance offices of the Office of Distribution or from any bank or other lending agency making loans pursuant to these instructions, provided such lending agency has executed a Contract to Purchase on CCC Form E.

I. Final Date For Obtaining Loans.

Applications for loans may be made by eligible borrowers only between dates of September 15, 1944, and December 15, 1944.

J. Amount of Loan and Loan Rates.

The amount of the loan shall be computed in accordance with the 1944 Schedule of Loan Rates as shown below. Loans will be made on the quantity of U. S. No. 1 quality potatoes in the lot at the applicable loan rate for U. S. No. 1 potatoes plus the quantity of U. S. No. 1. Size B, and U. S. No. 2 (1-7/8 inch minimum) quality potatoes in the lot at the applicable loan rate for U. S. No. 2 potatoes.

1944 SCHEDULE OF LOAN RATES ON POTATOES PER CWT

STATE	DIS- TRICT	VAR- IETY				
			: U. S. No. 1		: U. S. No. 1, Size B	
			: Quality		: & U. S. No. 2 (1-7/8	
			: Per Cwt.		: in. min.) Quality	
			Farm	Other	Farm	Other
			Storage	Storage	Storage	Storage
Connecticut	All	All	\$1.57	\$1.67	\$.56	\$.66
Maine	All	Premium 1/	1.30	1.40	.43	.53
Maine	All	Other	1.21	1.31	.38	.48
Massachusetts	All	All	1.57	1.67	.56	.66
New Hampshire	All	All	1.57	1.67	.56	.66
New Jersey	All	Premium 1/	1.57	1.67	.56	.66
New Jersey	All	Other	1.53	1.63	.54	.64
New York	Long Island	Premium 1/	1.57	1.67	.56	.66
New York	Long Island	Other	1.53	1.63	.54	.64
New York	Other	All	1.48	1.58	.52	.62
Pennsylvania	All	All	1.48	1.58	.52	.62
Rhode Island	All	All	1.57	1.67	.56	.66
Vermont	All	All	1.57	1.67	.56	.66

1/ Premium varieties include Green Mountain, Sebago, Katahden and Chippewa.

K. Loan Period Maturity Date and Interest Rate.

All loans shall mature on demand but in no event later than March 31, 1945. All loans will bear interest at the rate of 3 percent per annum from the date of disbursement.

L. Inspectors.

Either a Federal-State inspector or, if one is not available, a qualified employee of the county agricultural conservation association who has been approved by the State committee, shall under the supervision of the county committee, inspect the collateral and the storage structure.

M. Inspection.

After completing the entries in Section I of the Loan Work Sheet, Form Commodity Loan 3 Potatoes (Revised), in the county office, the form will be furnished to the inspector, who will make an inspection of the storage structure and the potatoes. The inspector will certify as to the condition of the storage and the quality and quantity of the potatoes by completing Sections II and III of the Loan Work Sheet. Loan Work Sheets should be returned to the county office for completion of the loan.

The inspector shall place a seal (CL-1) on each bin inspected before leaving the premises, if the storage structure and the potatoes appear eligible for loan. Each seal should be numbered by the county office before making distribution to the inspector. The numbers shall be consecutive, starting with one and shall be prefixed by the initial "P" identifying the commodity. (Example, P-1, P-2) The inspector shall insert the seal number(s) in Column 1, Section II of the Loan Work Sheet. The seal numbers of all bins containing potatoes included in a single Chattel Mortgage shall be shown on the Loan Work Sheet. Instructions for completion of the Loan Work Sheet are outlined on the back of that form.

N. Storage Charges.

Where a borrower obtains a loan on potatoes stored in an approved warehouse, the cost of the storage shall be paid by the borrower.

O. Service Fees.

A service fee shall be deducted from the proceeds of each loan made to the borrower. The service fee for each loan shall be two cents per hundredweight for the hundredweight of potatoes placed under loan but not less than \$5.00 for each loan. Fees shall be handled in accordance with Commodity Loan 2, Part 1, Supplement 1, (Revised) NER, Issued December 8, 1943.

P. Signature Cards of Designated County Committeemen.

If not already done, each county committee shall furnish the appropriate Regional Finance Office of the Office of Distribution, in duplicate, on 3 x 5 cards, the typed names followed by the manually signed signature of the committeeman, or employee designated to approve loan documents for the county committee. The State and county code number should be shown in the upper right hand corner, and immediately beneath the code numbers, the name of the State and county should be shown.

SECTION II. PREPARATION AND EXECUTION OF LOAN DOCUMENTS

A. General.

Each borrower shall execute a promissory note or Producer's Note (CCC Grain Form A (Revised) or CCC Commodity Form A). Notes representing direct loans obtained through the Office of Distribution should name Commodity Credit Corporation as payee and should be forwarded to the Regional Finance Office of the Office of Distribution. Notes representing loans obtained from lending agencies should name the lending agency as payee.

The loan fee will be deducted from the proceeds of the loan. The amount of the loan fee will be entered on the producer's note in the first space provided for listing the distribution of the loan as follows:

Commodity Credit Corporation, c/o _____ (Address of CACA County Committee), \$ _____ (Amount of Fee)

Each borrower shall execute a Chattel Mortgage (CCC Grain Form AA ((Revised) or CCC Commodity Form AA) securing his note. The mortgage must cover all the potatoes in the lot.

The names of the holders of all existing liens on the potatoes, such as landlords, laborers, or mortgagees must be listed in the space provided thereof on the Chattel Mortgage, and the lienholder so listed must execute the lienholder's waiver on the mortgage, or on CCC Form AB.

B. Chattel Mortgage. "CCC Grain Form AA(Revised)" or "CCC Commodity Form AA"

The Chattel Mortgage is printed in quadruplicate and shall be prepared in the county office from information contained on the Loan Work Sheet.

Loan serial numbers shall be assigned to all Irish Potato Loans. These serial numbers shall be used with the State and county code numbers and shall begin with number 1 and continue numerically in the same series for all types of loans. Serial numbers assigned to loans covering collateral stored on a farm shall be followed by the letter "F" (Example: 21-051-1F), and serial numbers covering collateral stored in a warehouse shall be followed by the letter "W" (Example: 21-051-2W).

If "CCC Grain Form AA (Revised)" is used, there shall be typed under the heading of the form, "Wherever the word 'Grain' appears, it shall be read as 'Potatoes'". This will be unnecessary if "CCC Commodity Form AA" is used.

If "CCC Grain Form AA(Revised)" is used enter under the heading "Kind of Grain" the words "Irish Potatoes".

If "CCC Commodity Form AA" is used, enter under the heading "Commodity", the words "Irish Potatoes".

Under the heading "Year Produced" enter the year "1944".

Under the heading "Type of Loan" enter the word "Farm" or "Warehouse" whichever is applicable.

Under the respective headings "County", "State", and "State, County and Loan No." enter the name of the county, the name of the State, and the State and County Code and Loan Serial number.

The borrower's name, post office address and the county and state in which he resides shall be entered in the applicable spaces. The amount and date of the note, the maturity date of the note and the name and address of the payee shall be entered in the applicable spaces at the top of the form.

1. Entries for Section I. In the space provided for legal description of property upon which the collateral is stored, enter sufficient information to describe the location of the property.

There should also be entered in the applicable spaces designated (a), (b), (c) (d) and (e) the name of the county and state in which the potatoes were produced, the shipping point to which potatoes are to be delivered in case Commodity Credit Corporation (OD) takes possession of the potatoes, an indication whether the borrower is owner, landlord or tenant, whether married or single, and if the borrower is a tenant, the expiration date of the lease.

2. Entries for Section 2. Enter in the indicated columns of the schedule, by the seal number of the bins or storage structures, the following information:

- (a) Enter the serial number of each bin.
- (b) Enter the total number of hundredweight of all potatoes in the bin. This figure should be rounded to the nearest tenth.
- (c) Leave blank.
- (d) Two lines shall be used to complete the rest of this schedule where the bin contains both U. S. No. 1 and U. S. No. 2 potatoes.
First line - Enter "U. S. No. 1".
Second line - Enter "U. S. No. 2".
- (e) Enter the percentages of grades.
First line - Enter the percentage of U. S. No. 1 in the bin
Second line - Enter the percentage of U. S. No. 1 Size B and U. S. No. 2 in the bin.
- (f) Leave blank.
- (g) Enter the number of hundredweight of potatoes in the bin, Column B times Column E.

First line - Enter the number of hundredweight of U. S. No. 1 potatoes, rounded to the nearest tenth.
Second Line - Enter the number of hundredweight of U. S. No. 1 Size B and U. S. No. 2 potatoes, rounded to the nearest tenth.
- (h) Enter the applicable loan rate per hundredweight.
- (i) Enter the result obtained by multiplying Column G by Column H; to determine the amount of the loan, add the entries in Column I.

Example

Schedule of Farm Stored
Grain

Seal No. of bin or crib	Moisture Content	Test Weight	Color or subclass and grade		Protein Content	Net Bushels	Loan Rate per Bu.	Amount
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
11-002-1F	875.1		US 1	60		525.1	1.30	\$682.63
-	-		US 2	30		262.6	.43	112.92
Total loan								
Storage Advance							xxxx	
Amount of Note								\$795.55

3. Entries for Section 6. Entries will be made in this section only where the collateral for the loan is stored in a warehouse or on premises which the borrower does not own or operate under a lease expiring after June 1, 1945. Otherwise, consent for storage to June 1, 1945, must be obtained from the persons interested by obtaining their signatures in this section.

4. Entries for Sections 3, 4, 5, 7, 8, 9, 10 and 11. The entries for Sections 3, 4, 5, 7, 8, 9, 10, and 11 shall be completed in accordance with the instructions set forth in Commodity Loan 2 - Part 1, Supplement 1 (Potatoes) NER" issued August 31, 1943.

5. The mortgage Supplement (C.C.C. Potato Form AA) referred to in the Chattel Mortgage contains provisions for the loan with respect to the Commodity under loan and responsibilities of the borrower not otherwise provided for in the Chattel Mortgage. Two copies of the mortgage supplement must be signed by the borrower, one of which shall be attached to the county office copy of the Chattel Mortgage and the other copy shall be given to the borrower.

6. The cost of filing, checking title, releasing Chattel Mortgages, and notarial fees in connection with Irish potato loans shall be paid by the Association and claimed as association expense.

C. Producer's Note "CCC Grain Form A, (Revised)" or "CCC Commodity Form A".

The producer's note is printed in triplicate and must be prepared in the county office.

If CCC Grain Form A (Revised) is used, there should be typed under the heading of the form "Wherever the word 'grain' appears it shall be read as 'Potatoes'". This will be unnecessary if "CCC Commodity Form A" is used.

If "CCC Grain Form A (Revised)" is used enter under the heading "Kind of Grain" the words "Irish Potatoes".

If "CCC Commodity Form A" is used enter under the heading "Commodity" the words "Irish Potatoes".

Under the heading "Quantity" enter the number of hundredweight of Irish Potatoes under loan.

Under the heading "Year Produced" enter "1944".

Under the heading "Type of Loan" enter the word "Farm" or "Warehouse" whichever is applicable.

All other instructions and entries to be made shall be completed in accordance with the instructions set forth in "Commodity Loan 2 - Part 1 Supplement 1 (Potatoes) NER" issued August 31, 1943.

SECTION III. INSTRUCTIONS TO LENDING AGENCIES

The original and county office copy of the note shall be forwarded to the lending agency named thereon. The lending agency will enter the date of disbursement on both the original and county office copy of the note and make disbursements as indicated.

Service fees will be transmitted from the lending agency to the office of the county agricultural conservation association in accordance with the instructions set forth in Commodity Loan 2, Part 1, Supplement 1, (Revised) NER.

A copy of the "Special Instructions to Lending Agency" which is attached to these instructions shall be attached to each note before delivery to the lending agency. A supply of this form should be reproduced on pink, green or other outstanding color of paper in the county office.

SECTION IV. INSPECTION OF COLLATERAL PRIOR TO MATURITY

In order to protect the interest of borrowers and Commodity Credit Corporation (OD) and to make certain that potatoes will be properly cared for, State and county agricultural conservation committees will maintain a careful supervision over all collateral and storage structures. State committees shall instruct county committees to conduct general reinspection of all collateral and all storage structures as deemed advisable in accordance with existing conditions within the respective states.

SECTION V. REPAYMENT OF LOANS

On or before March 31, 1945, a borrower may obtain the release of the pledged collateral by repayment of the face value of the note plus interest thereon at the rate of 3 percent per annum from date of disbursement.

The borrower may obtain release of part of the pledged collateral by payment of the net proceeds from the sale of the potatoes. If the potatoes are graded, sacked and delivered, the producer may deduct from the net proceeds of the sale, the margin established for the state. In no event shall such partial repayment be less than the loan value of the potatoes sold plus interest.

SECTION VI. DELIVERY OF COLLATERAL

A. In Case of Deterioration.

In the event of deterioration or threatened deterioration, such as to require immediate disposal of the potatoes to avoid excessive loss, the county committee shall in all cases where the borrower is able to make delivery, notify the State committee. The State committee shall telegraph or telephone the Regional Director of the Office of Distribution notifying him of the location of the potatoes and the quantity to be shipped and request shipping instructions. The Regional Director of the Office of Distribution shall (1) transmit shipping instructions to the county committee immediately, or (2) notify the committee that immediate acceptance of the delivery of the potatoes is not possible. The county committee shall upon receipt of shipping instructions request immediate delivery of the potatoes and settlement will be made on the basis of the grades and quantities so delivered. In cases where immediate acceptance of delivery is impossible or delivery is impracticable, county committees shall arrange for a reinspection in storage of the potatoes and final settlement will be on the basis of such inspection regardless of when the potatoes are delivered to Commodity Credit Corporation.

B. After January 1, 1945.

The borrower may, prior to the maturity of his loan, request the county committee to provide such borrower instructions to enable him to deliver, on or after January 1, 1945, the potatoes in satisfaction of his mortgage indebtedness. The county committee shall, on receipt of such requests notify the State committee to request the Regional Director of the Office of Distribution to provide shipping instructions.

C. Credit for Potatoes Delivered.

Upon delivery of potatoes, borrowers will be credited with the full support prices applicable to the location and condition at the time of delivery or time of settlement, less approved marketing services not actually performed.

D. After Repayment of Loan.

In order to assure full price support to the borrower, who has repaid his loan and has remaining potatoes formerly covered by the loan, and to protect the interests of the Commodity Credit Corporation with respect to such potatoes, the following procedure will be used:

1. The borrower shall declare in writing, at the time he repays his loan, the quantity of potatoes formerly covered by the loan which remains in his possession.
2. The borrower will be permitted to deliver such remaining potatoes to Commodity Credit Corporation (OD) passing title thereto, free and clear of liens and encumbrances, and would receive in settlement therefor the same prices as though such potatoes had been delivered in satisfaction of the loan.
3. Commodity Credit Corporation (OD) may request delivery of such potatoes at a specified date and in the same manner as if being delivered in satisfaction of a loan and, if the borrower fails to make such delivery, the Commodity Credit Corporation (OD) shall be relieved of any further price support obligations with respect to such potatoes.

All cases involving delivery of potatoes to Commodity Credit Corporation (OD) shall be promptly reported to the State committee. The State committee shall request the Regional Director of the Office of Distribution to provide the county committee with shipping instructions.

SECTION VII. RECORDS AND REPORTS

The county committee shall maintain a daily record of loans certified. On Saturday of each week, the committee shall report to the State AAA office (1) the number of loans, the total quantity and grade of collateral, the amount of the principal advanced on loans, (2) the number of loans which have been partially or wholly repaid, the total quantity and grade of collateral released, and the amount of principal repaid, and (3) the number of loans still in effect, the total quantity and grade of remaining collateral, and the amount of unpaid principal.

The Regional Finance Office of the Office of Distribution will keep county committees currently informed regarding any repayments reported through the Regional offices. In addition, county committees shall make such arrangements with local lending agencies, dealers, etc., as will be necessary for the preparation of the reports.

The State AAA office shall prepare a weekly summary of these reports by counties. The original of such reports shall be forwarded direct to the War Food Administration, Procurement and Price Support Branch, South Building, Washington 25, D. C.. The first copy of the report shall be forwarded to the Regional Office of AAA, and the second copy shall be forwarded to the Regional Director of the Office of Distribution.

SECTION VIII. NON-REIMBURSABLE EXPENSES

All administrative expenses in connection with the 1944 Irish Potato Loan Program will be submitted by county offices in monthly expense accounts as non-reimbursable expenses.

IMPORTANT

SPECIAL INSTRUCTIONS TO LENDING AGENCY

(Leave this instruction attached to loan papers)

The loan program under which this loan is authorized is being administered by the Vice President of Commodity Credit Corporation through the facilities of the Office of Distribution, War Food Administration.

1. Repayments. Report repayments on this loan, using "Schedule of Repayments of Loans" in accordance with instructions thereon except, however, remit check for interest due Commodity Credit Corporation ($1\frac{1}{2}\%$) direct to:

War Food Administration
Office of Distribution
Regional Finance Office
Room 1105
150 Broadway
New York (7), New York

2. Tender of Loans for Purchase by Commodity Credit Corporation (Office of Distribution). Tender loans (and collateral) for purchase by Commodity Credit Corporation (Office of Distribution) on "Lending Agency's Letter of Transmittal of Loans", in accordance with instructions thereon and in the "Contract to Purchase", except, however, mail them to the office indicated above.

(Note to County Committee:

Attatch this instruction securely to each note before delivery to the lending agency.)

